CANADA·SASKATCHEWAN
Crop Insurance

Annual Report
1989 - 1990

Saskatchewan
Crop Insurance
Corporation

Agriculture
Canada

Saskatchewan
Crop Insurance
Corporation

Hon. Neal Hardy
Minister Responsible

91-04144/·

Saskatchewan Crop Insurance Corporation

Annual Report

For the year ending March 31, 1990

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LETTERS OF TRANSMITTAL

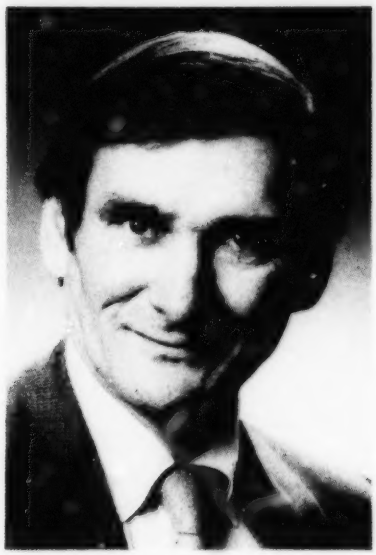
Her Honour
The Honourable Sylvia O. Fedoruk
Lieutenant Governor of the Province of Saskatchewan

Dear Madam:

I have the honour to transmit herewith the Annual Report of the Sasktchewan Crop Insurance Corporation for the year ended March 31, 1990 including the financial statements therefore, duly certified by Peat Marwick in the form approved by the Treasury Board, all in accordance with the Saskatchewan Crop Insurance Act, 1984.

I have the honour to be, Madam,
Your Obedient Servant,

Neal Hardy
Minister Responsible For
Saskatchewan Crop Insurance Corporation



To the Honourable Neal Hardy
Minister Responsible
Saskatchewan Crop Insurance Corporation
Regina, Saskatchewan

Sir:

Presented herewith is the Twenty Ninth Annual Report of the Saskatchewan Crop Insurance Corporation for the fiscal year ended March 31, 1990.

Respectfully submitted,
Saskatchewan Crop Insurance Corporation

William Farley
Chairman

W.J. Dent
President

OVERVIEW

Program Background

The Saskatchewan Crop Insurance Corporation has administered the Canada-Saskatchewan Crop Insurance Program since 1961.

The primary objective of the Canada-Saskatchewan Crop Insurance Program is to make available to the farmers of the province a comprehensive, all-risk Crop Insurance plan. The availability of the program provides a stabilizing effect on farm income in years of heavy losses.

The Program offers protection against crop loss that is due to natural hazards. Insured producers are guaranteed a minimum production of the designated grade for each crop. Spot-loss protection is provided for losses due to hail or fire. The costs of reseeding are covered on a similar basis under the reseeding benefit. Protection is available against the inability to seed insured acreage due to excess moisture. Coverage is also available to Saskatchewan honey producers to ensure a guaranteed level of production.

The Saskatchewan Crop Insurance Corporation provided coverage to approximately 49,000 farm producers.

Objectives:

Under the Crop Insurance Act, Statutes of Saskatchewan, 1983-84, Chapter C-47.2, the Corporation is empowered to:

(a) Engage in the business of crop insurance by making available actuarially sound insurance programs to eligible producers;

(b) Administer the Crop Insurance Fund;

(c) Provide such facilities and employees as are needed to carry out the authority and responsibility of the Corporation; and,

(d) Make grants to producers suffering crop losses from damage caused by migratory waterfowl.

Financial participation Governments of Canada and Saskatchewan

The Government of Canada contributes 50 per cent of the total premium which totalled $130 million for 1989-90.

The Government of Saskatchewan contributes all of the administration costs which totalled $15 million for 1989-1990.

CORPORATE DIRECTORY

Chairman's Message

In 1989-90 the Saskatchewan Crop Insurance Corporation held 49,267 active contracts, up from 45,721 the previous year.

Total liability and insured acres also increased from $1.1 billion and 21.8 million to $1.9 billion and 25.3 million respectively.

The total number of claims dropped slightly from a recored 92,000 in 1988 to 85,000 in 1989 with crop insurance paying out $449.6 million down from the 1988 record, $465.6 million.

During the summer of 1989, the Corporation participated in Federal/Provincial Crop Insurance Review meetings in Saskatoon and Regina.

One of the most consistent messages was the improvement of customer service through better communication from corporation to customer.

In response to this, Neal Hardy, minister responsible for crop insurance, announced that a marketing agent system of program delivery would be implemented.

This initiative would see 208 new businesses created, and a level of personal service provided that ensured complete understanding of the crop insurance program.

The crop insurance program in 1989-90 provided nearly half a billion dollars to Saskatchewan farm producers who suffered crop loss due to uncontrollable natural causes. This figure underlines the importance of crop insurance to the overall well being of the provincial economy.

The Board of Directors of Saskatchewan Crop Insurance Corporation are committed to the ongoing improvement of programming and service so that Saskatchewan farm producers have the best possible opportunity to farm successfully.

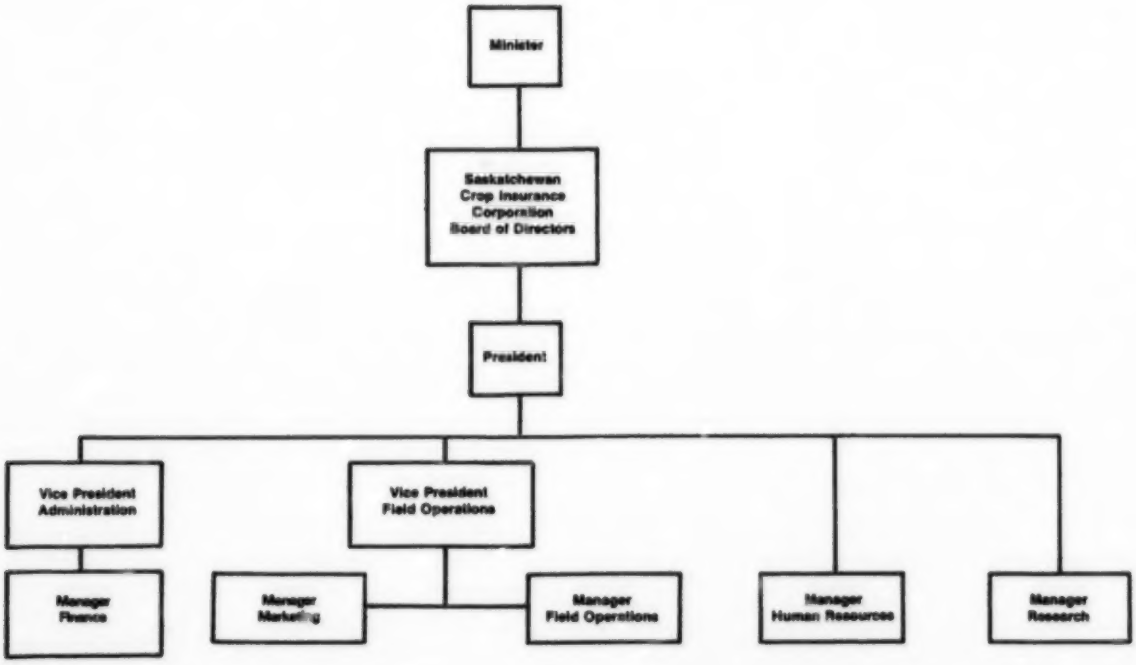
CORPORATE DIRECTORY

Corporation's Principal Officers

The principal officers of the Corporation for 1989-90 were:

Henry Zilm, President
Earl Silcox, Vice President Field Operations
Jim Walters, Vice President Administration
Ron Osika, Manager Field Operations
Vacant, Manager Human Resources
Henry Schappert, Manager Research
Harvey Rothecker, Manager Marketing
Walter Charabin, Manager Finance

Saskatchewan Crop Insurance Corporation Organization Chart



PROGRAM FEATURES

Insurable causes of loss:
Protection is provided against crop losses caused by any of nature's uncontrollable hazards including: drought, flood, frost, hail, fire, excessive rain, snow, hurricane, tornado, wind, wildlife, insect pests and plant disease.

Crop Insurable:
Hard red spring wheat, durum wheat, utility wheat, winter wheat, barley, oats, fall rye, spring rye, flax, canola, tame mustard, sunflowers, field peas, lentils, fababeans, canary seed, soft white spring wheat, sweetclover, triticale and honey.

The Livestock Feed Insurance Program was introduced in 1989. This program covered tame and native forages on an area base.

Honey Insurance:
Honey insurance was provided to approximately 30 producers in the three production regions.

Type of Insurance:

(i) **Production guarantee:**
Each producer is guaranteed a minimum quantity of production for each crop insured. The insured is indemnified if the yield on the insured acreage falls below this minimum.

(ii) **Quality guarantee:**
Production of each insured crop is guaranteed to grade at least as high as the designated grade for that crop. An insured's production is adjusted downwards if the quality is below that of the designated grade.

(iii) **Hail/fire spot-loss benefit:**
Spot-loss coverage is provided for hail and fire damage.

Coverage for hail or fire damage is equal to the yield-loss coverage selected for each crop. Spot-loss indemnities do not lower the production guarantee, but indemnities from both spot-loss and yield-loss cannot exceed the production guarantee.

(iv) **Reseeding benefit:**
The reseeding benefit is paid to producers when reseeding is required due to insurable causes, up to the final seeding date. Payments are made on a spot-loss basis and do not affect yield-loss coverage on the reseeded crop.

(v) **Unseeded acreage option:**
This option allows the producers to insure against moisture conditions that make it impossible to seed intended acreage by the seeding deadline.

(vi) **Individual coverage option:**
This feature provides the insured with the option of selecting coverage based on individual rather than area yields. Coverage was provided at the rate of 80% of the average yield for the last ten years. As data was collected for this option, the relationships established are used to replace the area-based figures. Individual coverage selection applies to all crops except sweetclover.

(vii) **Pedigreed seed option:**
This option is available to members of the Canadian Seed Growers Association. It provides a higher price option for all pedigreed crops with the exception of sweetclover.

PROGRAM FEATURES

Multi Year Disaster Benefit Program
Under the Multi Year Disaster Benefit Program, enhanced coverage is provided to producers in areas where major crop losses have occurred in successive years. The program is a federal-provincial initiative to deal with multi-year crop disasters through the crop insurance program, rather than through the use of ad-hoc programs. The program is part of a comprehensive strategy to provide disaster relief in the Prairie Provinces in the event of successive years of widespread crop loss. The additional coverage is intended to provide increased compensation to offest the dramatic impact that consecutive disaster losses have on local economies.

Insured producers selecting area-based coverage have their chosen coverage of either 60% or 70% increased by an additional 10% of average yield in areas that qualify for enhanced coverage. Qualifying areas are those in a 4 R.M. block that have had 2 consecutive payouts of at least 20% of liability.

Coverage adjustment:
Base coverages are established according to the average yield for each risk area. The coverage adjustment feature relates coverage more closely to the actual yields on an individual farm. An insured's coverage is increased or reduced depending on his experience with a particular crop within the Crop Insurance Program.

With favorable experience, the coverage may increase up to 125 per cent of the base coverage, while with less favorable experience, the coverage may be reduced as low as 70 per cent of the base. Adjustments are determined by the accumulated loss to premium ratio for that crop.

Experience discount:
In recognition of differences in risks between individual farmers, this feature provides a reduction in premiums to producers who accumulate no-loss years in the Program.

Each year in the Program without a loss results in a gradual reduction in premium to a maximum discount of 50 per cent. When losses occur, the premium is adjusted upwards again, based on the amount of the loss relative to the premium paid, however, the discount can never fall below zero.

Price options:
Low, high, and variable price options are available for each insured crop. The individual may select either the high, low or variable option. The price selected is used to determine the indemnity payable if a shortfall in production occurs. The price options are reviewed annually with consideration for prevailing market prices and costs of production.

Coverage and premium rates:
The province is divided into 23 risk areas so that coverage and premium rates can be established for each crop in accordance with the crop yield history and risks common to each area. Coverage for each crop is based on 60 to 70 per cent of the recent 15 year average yield for summerfallow and stubble for each risk area. Higher coverage is afforded to summerfallow than to stubble crops.

The premium rate for each risk area is based on the cropping history and yield variability within the area for the past 25 years.

A land productivity rating has been established for each quarter section based on the productive capability of the soil. The land rating establishes the coverage and premium rate assigned to each quarter section.

Irrigated crops are provided coverage at rates in accordance with the increased yields and reduced risk resulting from an assumed water supply.

Establishment benefit:
The establishment benefit is similar in principle to the reseeding benefit, but applies to fall-seeded crops which fail to establish by spring. Coverage of $15 per acre is provided.

SUMMARY 1989-90

General Summary

In 1989-90 the Saskatchewan Crop Insurance Corporation had approximately 49,000 contract holders, up approximately 4,000 from 1988.

Liability exceeded $1.9 billion in 1989 representing close to 25 million seeded acres.

Revenues for 1989 totalled $268.9 million compared to $132.2 million in 1988.

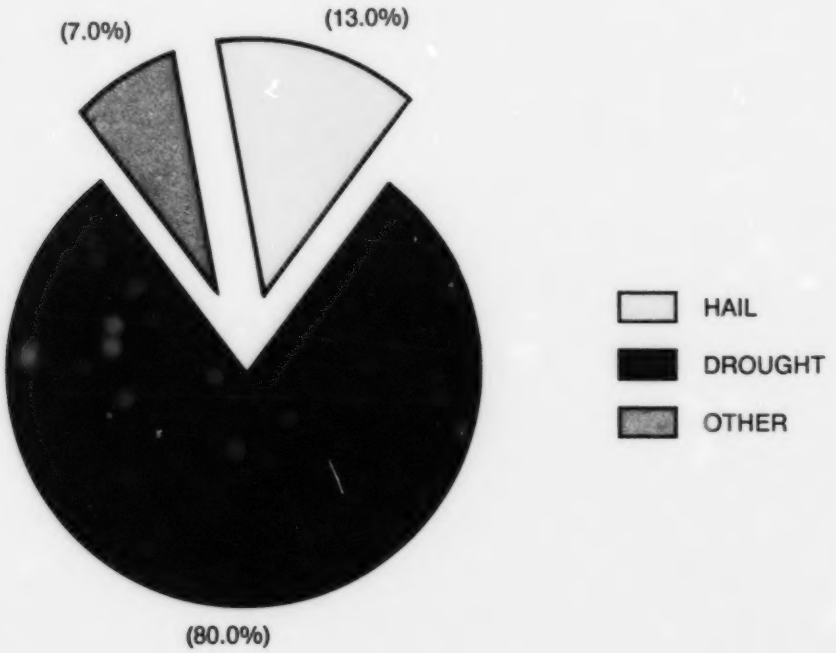
SUMMARY 1989

Summary of Coverages and Indemnities

	Crop Year 1988	1989
Customers	45,721	49,267
Acres (M)	21.8	25.4
Liability (B)	$ 1.159	$ 1.942
Revenue (M)	$ 132.3	$ 268.9
Indemnities (M)		
Spot-loss hail	$ 17.0	$ 59.8
Yield loss	$ 440.4	$ 385.5
Reseeding benefit	$ 8.2	4.4
Unseeded acres	0	$ 0
Total	$ 465.6	$ 449.7
Loss Ratio	3.52	1.67

Of all indemnities paid, 80 per cent were due to drought and 13 per cent due to hail. Of the 118,517 crops insured, 57,064 received indemnities.

1989 Causes of Loss



SUMMARY 1989

Claims Summary

	Crop Year 1988	1989
Pre-Harvest	15,112	2,173
Post-Harvest	60,172	61,612
Reseeding Benefit	6,875	2,885
Unseeded Acres	0	4
Spot-Loss Hail	10,226	18,191
Spot-Loss Fire	5	19
	92,390	84,884

KPMG Peat Marwick Thorne

Financial Statements of

Saskatchewan Crop Insurance Corporation

Year ended March 31, 1990

SASKATCHEWAN CROP INSURANCE CORPORATION

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March 31, 1990

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KPMG Peat Marwick Thorne

Chartered Accountants

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AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have examined the balance sheet of the Saskatchewan Crop Insurance Corporation as at March 31, 1990 and the statements of operations and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles disclosed in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Peat Marwick Thorne

Chartered Accountants

Regina, Canada

June 6, 1990

Member Firm of
Klynveld Peat Marwick Goerdeler

SASKATCHEWAN CROP INSURANCE CORPORATION

Balance Sheet

March 31, 1990 with comparative figures for 1989

		1990	1989
Assets			
Inventory	$	127,453	138,308
Prepaid expenses		121,934	17,757
Investments		1,548,741	49,078,987
Accounts receivable (note 3)		30,925,267	3,591,958
Premiums receivable (less allowance for doubtful accounts - $3,928,356; 1989 - $3,345,554)		3,799,635	1,214,801
Due from Crop Reinsurance Fund of Saskatchewan		194,998,279	128,760,939
Due from Crop Reinsurance Fund of Canada for Saskatchewan		404,702,164	249,816,997
Fixed assets (note 2)		815,565	663,821
	$	637,039,038	433,283,568
Liabilities and Equity			
Liabilities:			
Outstanding cheques less cash in bank	$	48,635,210	1,771,823
Accounts payable and accrued liabilities		1,803,163	1,480,025
Indemnities payable		8,693,545	1,504,524
Due to Minister of Finance (note 4)		576,782,005	426,782,005
		635,913,923	431,538,377
Equity:			
Equity in fixed assets		815,565	663,821
Retained earnings		309,550	1,081,370
		1,125,115	1,745,191
Commitments and contingencies (note 5)			
	$	637,039,038	433,283,568

See accompanying notes to financial statements.

SASKATCHEWAN CROP INSURANCE CORPORATION

Statement of Operations and Retained Earnings

Year ended March 31, 1990 with comparative figures for 1989

		1990	1989
Revenue:			
Gross premiums (less experience discounts - $5,926,686; 1989 - $6,418,810)	$	132,122,366	63,265,513
Government of Canada contributions		129,070,230	64,575,110
		261,192,596	127,340,623
Less premiums ceded:			
Crop Reinsurance Fund of Canada for Saskatchewan		38,721,069	19,372,533
Crop Reinsurance Fund of Saskatchewan		38,721,069	19,372,533
		77,442,138	38,745,066
Net premiums		183,750,458	89,095,557
Interest on investments		5,280,969	3,470,454
Interest on overdue accounts		2,432,671	960,976
Reinsurance revenue:			
Crop Reinsurance Fund of Canada for Saskatchewan		153,866,948	250,835,217
Crop Reinsurance Fund of Saskatchewan		104,958,409	112,589,139
		450,289,455	456,951,343
Expenditures:			
Indemnities		449,653,069	465,603,032
Doubtful accounts		936,386	453,719
		450,589,455	466,056,751
Loss from insurance operations		(300,000)	(9,105,408)
General administration revenue (expenditures) (Schedule 1)		(471,820)	883,076
Net loss		(771,820)	(8,222,332)
Retained earnings, beginning of year		1,081,370	9,303,702
Retained earnings, end of year	$	309,550	1,081,370

See accompanying notes to financial statements.

SASKATCHEWAN CROP INSURANCE CORPORATION

Statement of Changes in Financial Position

Year ended March 31, 1990 with comparative figures for 1989

		1990	1989
Cash provided by operations:			
Net loss	$	(771,820)	(8,222,332)
Net changes in non-cash items relating to operations:			
Decrease (increase) in inventory		10,855	(68,528)
(Increase) decrease in prepaid expenses		(104,177)	26,194
(Increase) decrease in accounts receivable		(27,333,309)	387,925
(Increase) decrease in premiums receivable		(2,584,834)	1,501,939
Increase in due from Crop Reinsurance Fund of Saskatchewan		(66,237,340)	(93,216,606)
Increase in accounts payable		6,150,772	495,249
Increase (decrease) in indemnities payable		1,361,387	(205,425)
Increase in due to Minister of Finance		150,000,000	347,546,674
Increase in due from Crop Reinsurance Fund of Canada for Saskatchewan		(154,885,167)	(250,976,322)
Increase in outstanding cheques less cash in bank and investments during the year		(94,393,633)	(2,731,232)
Outstanding cheques less cash in bank and investments, beginning of year		47,307,164	50,038,396
Outstanding cheques less cash in bank and investments, end of year	$	(47,086,469)	47,307,164
Represented by:			
Outstanding cheques less cash in bank	$	(48,635,210)	(1,771,823)
Investments		1,548,741	49,078,987
	$	(47,086,469)	47,307,164

See accompanying notes to financial statements.

SASKATCHEWAN CROP INSURANCE CORPORATION

Notes to Financial Statements

March 31, 1990

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1. **Status of corporation:**

The Saskatchewan Crop Insurance Corporation was established by Order-in-Council 544/74 and continues under the Crop Insurance Act.

Under the provisions of the Crop Insurance Act, the Corporation's general purpose is to provide reasonably priced crop insurance to Saskatchewan farmers against losses resulting from various natural disasters.

2. **Significant accounting policies:**

Revenue:

General administration revenue of the Corporation includes sums appropriated by the Legislature.

Fixed assets:

The Corporation utilizes a fund accounting basis wherein fixed asset purchases appear in the statement of revenue and expenditures as an expense. To maintain accountability for fixed assets, it is necessary to record them as a balance sheet asset with a corresponding entry to "Equity in fixed assets". As asset purchases and disposals appear in the statement of revenue and expenditures, no provision is made for depreciation on fixed assets.

2. Significant accounting policies (continued):

Inventory:

Inventory represents office supplies on hand at the end of the year which are valued at cost. The Corporation has adopted the first in, first out method of cost determination for valuation purposes.

Investments:

Short-term investments are recorded at cost which approximates market value.

Indemnities payable:

The provision for indemnities payable includes the cost of indemnities reported and processed but not paid and an estimate, based on the average loss for crops suffering the same type of damage, for those indemnities that had been reported but not processed at year-end. The amount of the estimate is $173,687 (1989 - $399,947).

Cost sharing:

A. Contributions:

The Government of Canada is expected to reimburse the Province for the contributions it has made to the Saskatchewan Crop Insurance Fund in accordance with the terms of The Crop Insurance Act (Canada). Reimbursements received from Canada will be deposited in the Consolidated Fund.

2. Significant accounting policies (continued):

Cost sharing (continued):

Section 11(4) of The Crop Insurance Act (Saskatchewan) provides that the Minister of Finance of the Province of Saskatchewan may pay out of the Consolidated Fund into the Saskatchewan Crop Insurance Fund in each fiscal year contributions not exceeding the total of the amounts that insured persons have paid as premiums in respect of contracts of insurance in that fiscal year. Premiums paid for the purposes of this calculation are net of discounts and exclude interest, surcharges and penalties.

For financial statement purposes, contributions from the Consolidated Fund are described as contributions from the Government of Canada and amounts due on the final claim as accounts receivable from the Government of Canada.

B. Reinsurance Funds:

The Crop Insurance Agreement between the Governments of Saskatchewan and Canada provides for two reinsurance funds.

(i) The Crop Reinsurance Fund of Saskatchewan - to be administered by the Government of Saskatchewan, and

(ii) The Crop Reinsurance Fund of Canada for Saskatchewan - to be administered by the Government of Canada.

2. Significant accounting policies (continued):

Under the terms of the agreement the Saskatchewan Crop Insurance Corporation is required to pay premiums ceded into the reinsurance funds based on premiums received during that insurance year including the matching contributions made by the Province.

Per the agreement, payments may be made out of the Reinsurance Funds if indemnities required to be paid in an insurance year exceed the aggregate of:

a) the premium receipts for the year less reinsurance premiums ceded

b) the balance in the Saskatchewan Crop Insurance Corporation - Insurance operation

c) 2 1/2% of the total liability under policies of insurance in force in the insurance year which would have to be paid by the Crop Reinsurance Fund of Saskatchewan or by the Province of Saskatchewan.

The balance of indemnities to be paid would be shared 75% by Canada and 25% by Saskatchewan out of the respective Reinsurance Funds.

3. Accounts receivable:

The accounts receivable of the Corporation at the end of the year include the following:

		1990	1989
General administration	$	248,177	197,894
Agent Commissions Receivable		135,340	–
Due from Minister of Finance under Federal Provincial Crop Insurance Agreement		30,541,750	3,394,064
	$	30,925,267	3,591,958

4. Related party transactions:

Included in these financial statements are expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations with which the Corporation is related.

Account balances resulting from these transactions are included in the statement of financial position and are settled on normal trade terms, except for the amounts due to Minister of Finance. These amounts are non-interest bearing.

5. Commitments and contingencies:

Commitments:

The Corporation is committed to several leases for office space with annual rental payments of $647,682.

The Corporation has entered into capital commitments of approximately $1,600,000 over the next five years for the purchase and installation of a new computer system.

Contingencies:

Various legal actions for additional indemnity payments have been commenced against the Corporation which the Corporation is actively defending. While the outcome of these claims cannot be determined, management is of the opinion that the outcome of these actions will not have a material impact on the Corporation's financial position.

SASKATCHEWAN CROP INSURANCE CORPORATION

Schedule 1 - General Administration Operations

Year ended March 31, 1990 with comparative figures for 1989

		1990	1989
Revenue:			
Province of Saskatchewan appropriation	$	15,268,500	14,069,400
Canada-Saskatchewan Greenfeed Program		–	1,573,000
Assignment surcharges		139,900	–
Interest on investments		153,899	311,203
Adjusting waterfowl, wildlife and lure crops		165,919	203,490
Drought assistance program		122,592	–
Miscellaneous		87,540	7,929
		15,938,350	16,165,022
Expenditures:			
Agent commissions		183,650	–
Advertising		369,731	190,083
Board of directors meetings		108,405	61,144
Computer and analyst services		536,733	506,435
Employee benefits		1,089,252	802,641
Equipment rental		102,050	67,667
Freight and messenger services		33,540	30,244
Inspection fees		106,175	108,547
Professional fees		344,254	143,254
Office rental		647,682	620,160
Office supplies		246,018	255,998
Postage		360,599	294,337
Printing and duplicating		323,026	209,372
Repairs and other services		83,362	88,390
Salaries		9,034,591	9,000,468
Telephone		309,550	283,742
Travel and sustenance		2,379,808	2,378,529
		16,258,426	15,041,011
General administration revenue (expenditures) before fixed asset purchases		(320,076)	1,124,011
Fixed asset purchases		(151,744)	(240,935)
General administration revenue (expenditures)	$	(471,820)	883,076

See accompanying notes to financial statements.

KPMG Peat Marwick Thorne

Financial Statements of

Crop Reinsurance Fund of Saskatchewan

Year ended March 31, 1990

CROP REINSURANCE FUND OF SASKATCHEWAN

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March 31, 1990

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KPMG Peat Marwick Thorne

Chartered Accountants

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AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have examined the balance sheet of the Crop Reinsurance Fund of Saskatchewan as at March 31, 1990 and the statement of revenue, expenditure and fund deficiency for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1990 and the results of its operations for the year then ended in accordance with accounting principles disclosed in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Peat Marwick Thorne

Chartered Accountants

Regina, Canada

June 6, 1990

Member Firm of
Klynveld Peat Marwick Goerdeler

CROP REINSURANCE FUND OF SASKATCHEWAN

Balance Sheet

March 31, 1990 with comparative figures for 1989

	1990	1989
Liability and Fund Deficiency		
Liability:		
Due to Saskatchewan Crop Insurance Corporation (Note 3)	$ 194,998,279	128,760,939
Fund deficiency	(194,998,279)	(128,760,939)
	$ –	–

See accompanying notes to financial statements.

CROP REINSURANCE FUND OF SASKATCHEWAN

Statement of Revenue, Expenditure and Fund Deficiency

Year ended March 31, 1990 with comparative figures for 1989

		1990	1989
Revenue:			
Premium ceded from Saskatchewan Crop Insurance Corporation	$	38,721,069	19,372,533
Expenditure:			
Reinsurance paid to Saskatchewan Crop Insurance Corporation		104,958,409	112,589,139
Expenditures in excess of revenue for the year		66,237,340	93,216,606
Fund deficiency, beginning of year		128,760,939	35,544,333
Fund deficiency, end of year	$	194,998,279	128,760,939

See accompanying notes to financial statements.

CROP REINSURANCE FUND OF SASKATCHEWAN

Notes to Financial Statements

March 31, 1990

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1. Status of the fund:

The Crop Insurance Agreement between the Governments of Saskatchewan and Canada provides for the establishment of two reinsurance funds:

i) The Crop Reinsurance Fund of Saskatchewan - which is administered by the Government of Saskatchewan, and

ii) The Crop Reinsurance Fund of Canada for Saskatchewan - which is administered by the Government of Canada.

2. Significant accounting policies:

Premiums ceded from Saskatchewan Crop Insurance Corporation

Under the terms of the agreement indicated in Note 1, the Saskatchewan Crop Insurance Corporation is required to pay premiums ceded into the Reinsurance Funds based on premiums received during the insurance year.

Liability for claim payments from the Reinsurance Funds

As provided for in the agreement indicated in note 1, payments may be made out of the Reinsurance Funds if indemnities required to be paid in an insurance year exceed the aggregate of:

a) the premium receipts for the year less reinsurance premiums ceded.

b) the reserve fund balance of the Saskatchewan Crop Insurance Corporation - Insurance operation.

2. Significant accounting policies (continued):

c) 2 1/2% of the total liability under policies of insurance in force in the insurance year which would have to be paid by the Crop Reinsurance Fund of Saskatchewan or by the Province of Saskatchewan.

The balance of indemnities to be paid would be shared 75% by Canada and 25% by Saskatchewan out of the respective Reinsurance Funds.

3. Due to Saskatchewan Crop Insurance Corporation:

The balance due to Saskatchewan Crop Insurance Corporation represents:

a) the difference between the estimated premium ceded during the year and the actual calculated for the year based on the gross premium collected; and

b) the difference between the estimated claim submitted by the Corporation based on the estimated indemnities payable and the actual reinsurance claims calculated at the year end.

The Province of Saskatchewan, pursuant to the agreement described in Note 1, has agreed to make interest free advances to the Crop Reinsurance Fund of Saskatchewan so that the Reinsurance Fund can meet its obligations to the Saskatchewan Crop Insurance Corporation.

4. Balance in the Crop Reinsurance Fund of Canada for Saskatchewan:

The balance in the Crop Reinsurance Fund of Canada for Saskatchewan as at March 31, 1990, accounted for on a cash basis, was a deficit of $81,797,667 (1989 - $81,797,667).

ANALYSIS OF INSURANCE

Canada-Saskatchewan Crop Insurance Program
Comparative Statistics
Coverage and Premium

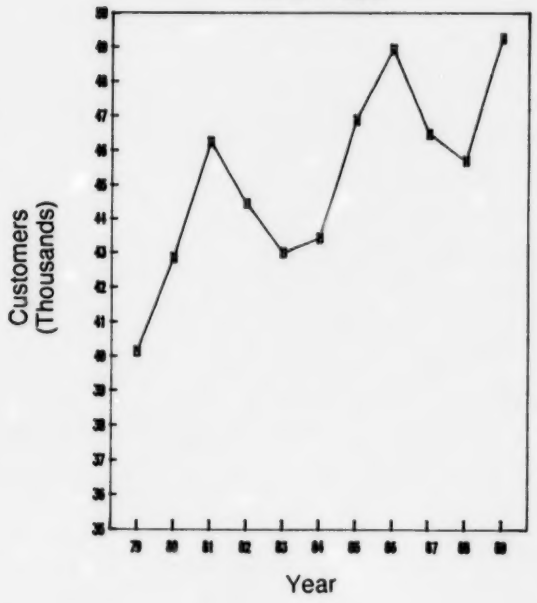
	Insurance Coverage	Average Coverage	Customer's Net Premium	Average Premium	Average Rate(%)
1961-62	306,500	1,580	23,925	123	7.8
1962-63	2,319,000	1,734	171,284	128	7.4
1963-64	3,683,000	1,648	275,645	123	7.5
1964-65	4,088,000	1,735	278,926	118	6.8
1965-66	4,566,000	1,440	290,708	92	6.4
1966-67	12,125,000	1,734	743,154	106	6.1
1967-68	15,910,000	1,938	941,146	115	5.9
1968-69	27,165,000	2,201	1,719,898	139	6.3
1969-70	21,194,000	1,821	1,320,748	113	6.2
1970-71	9,039,200	995	567,835	63	6.3
1971-72	14,625,000	1,854	782,908	99	5.4
1972-73	29,840,005	2,519	1,821,463	154	6.1
1973-74	140,436,128	5,874	6,780,470	284	4.8
1974-75	288,263,532	9,177	14,536,220	463	5.0
1975-76	405,089,832	10,604	19,821,549	506	4.9
1976-77	542,207,973	13,852	25,986,032	664	4.8
1977-78	704,688,894	14,944	34,761,664	736	4.9
1978-79	708,193,202	16,457	33,258,275	773	4.7
1979-80	721,821,633	17,976	33,065,306	824	4.6
1980-81	935,838,614	21,840	41,457,643	968	4.4
1981-82	1,162,172,942	25,123	53,612,350	1,159	4.6
1982-83	1,233,908,814	27,748	56,458,215	1,270	4.6
1983-84	1,254,906,517	29,184	56,017,456	1,303	4.5
1984-85	1,345,493,742	30,971	62,690,884	1,443	4.7
1985-86	1,558,492,595	33,234	76,052,344	1,622	4.9
1986-87	1,778,772,508	36,337	88,008,642	1,798	4.9
1987-88	1,161,135,578	24,975	61,969,782	1,333	5.3
1988-89	1,159,096,010	25,352	63,265,513	1,384	5.5
1989-90	1,942,011,401	39,418	132,122,366	2,682	6.8

Customers and Liability by Risk Area

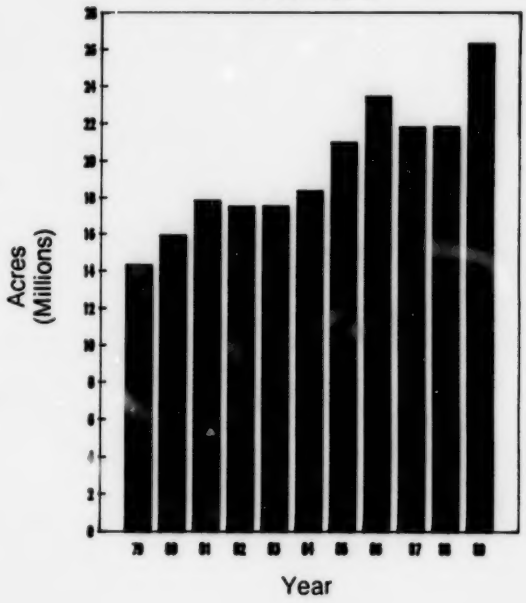
Risk Areas	Total Customers 1988	Total Customers 1989	Total Liability 1988	Total Liability 1989
1	1,105	1,146	32,978,280.13	53,888,476.80
2	1,449	1,452	32,819,918.66	52,718,980.88
3	2,334	2,317	49,240,222.48	78,801,548.19
4	1,058	1,082	27,424,737.90	45,851,953.44
5	1,312	1,348	30,975,356.80	48,760,237.65
6	3,081	3,083	69,324,748.42	109,633,133.10
7	1,923	2,083	43,723,375.29	70,842,633.72
8	2,837	3,068	75,049,149.72	130,050,295.01
9	1,305	1,373	27,658,586.59	46,939,962.93
10	2,527	2,566	53,457,080.10	92,357,448.18
11	2,917	3,172	59,831,979.14	98,734,496.19
12	1,624	1,892	41,292,266.48	78,266,231.40
13	529	545	15,935,606.70	27,080,386.61
14	3,056	3,350	60,579,018.88	109,864,095.53
15	3,246	3,917	90,776,397.66	159,944,981.96
16	4,792	4,973	140,204,477.02	241,599,744.83
17	3,457	4,058	91,648,295.14	160,449,026.94
18	1,543	1,780	43,858,845.20	72,832,703.21
19	573	601	19,782,434.35	29,546,555.68
20	1,437	1,487	54,236,429.66	79,327,643.15
21	1,726	2,019	47,569,625.64	80,286,105.87
22	1,054	1,099	28,974,964.35	43,748,514.23
23	836	856	21,754,214.17	30,486,245.51
	45,721	49,267	1,159,096,010.48	1,942,011,401.01

ANALYSIS OF INSURANCE

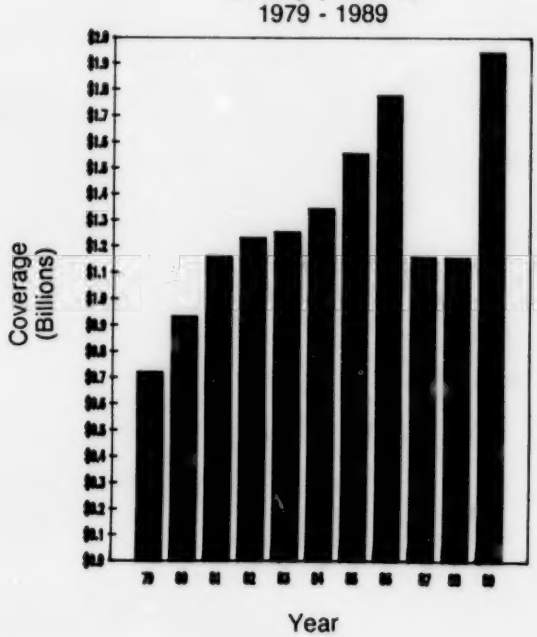
Number of Customers
1979 - 1989



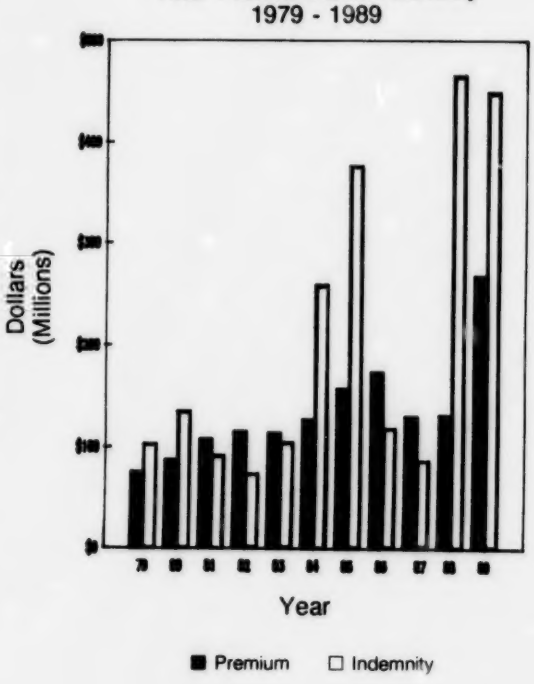
Total Insured Acreage
1979 - 1989



Liability (Billion $)
1979 - 1989

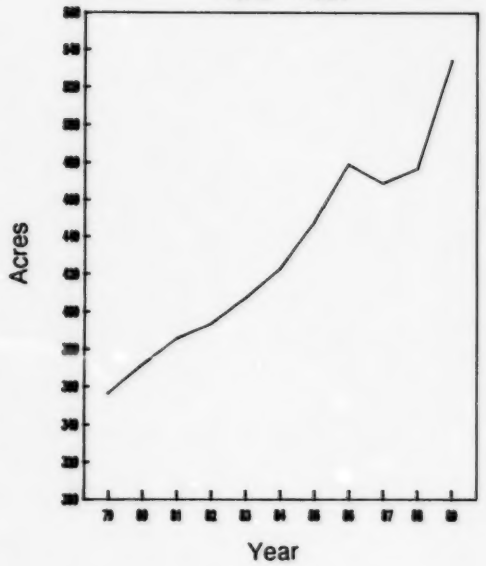


Total Premium and Indemnity
1979 - 1989

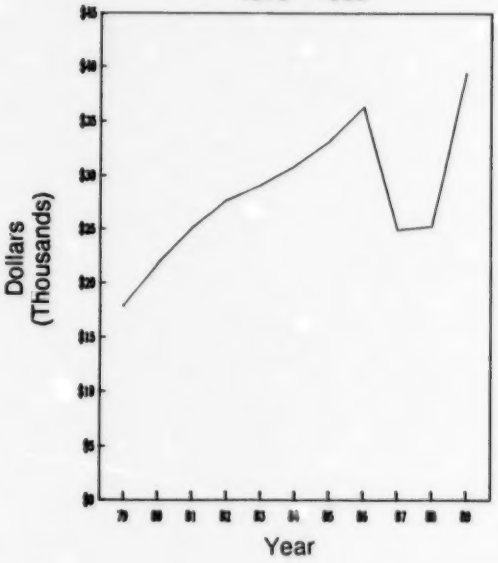


ANALYSIS OF INSURANCE

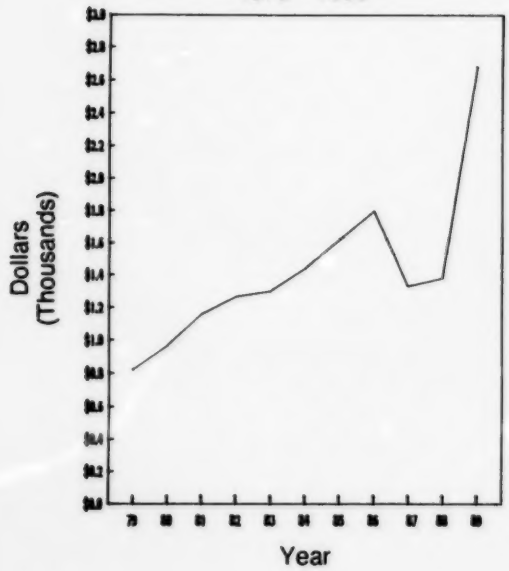
Average Acres Per Contract
1979 - 1989



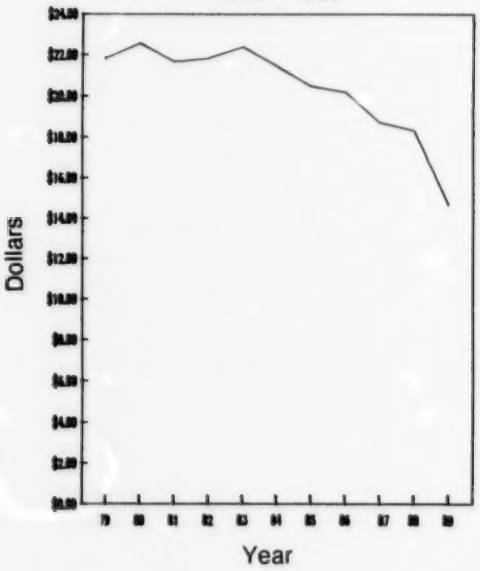
Average Dollar Coverage Per Contract
1979 - 1989



Average Premium Per Contract
1979 - 1989



Coverage Purchased Per Premium Dollar
1979 - 1989



Summary of experience

Year	No. of Customers	Revenue* Total	Revenue* Govt. of Can.	Indemnities Paid Number	Indemnities Paid Amount	Loss to Revenue Ratio by Year	Loss to Revenue Ratio Accumulated
1961-62	194	$ 31,586	$ 6,275	169	$ 129,669	4.11	4.11
1962-63	1,337	224,611	43,161	147	61,651	0.27	0.75
1963-64	2,235	372,180	69,657	38	9,285	0.02	0.32
1964-65	2,357	370,342	69,144	240	137,926	0.37	0.34
1965-66	3,172	402,388	74,021	301	123,304	0.31	0.33
1966-67	6,989	1,010,907	184,907	161	107,978	0.11	0.24
1967-68	8,211	1,377,099	313,499	887	497,118	0.36	0.28
1968-69	12,343	2,476,308	559,921	1,683	1,607,853	0.65	0.43
1969-70	11,637	2,007,405	427,616	553	385,787	0.19	0.37
1970-71	9,083	1,050,640	195,667	213	104,338	0.10	0.34
1971-72	7,890	1,349,366	259,933	206	142,930	0.11	0.31
1972-73	11,844	2,773,108	597,050	1,654	1,262,763	0.46	0.34
1973-74	23,909	14,341,387	6,688,320	8,484	7,730,305	0.54	0.44
1974-75	31,411	30,597,743	14,158,291	23,505	32,898,379	1.08	0.77
1975-76	38,209	40,960,627	19,985,427	24,444	28,392,087	0.69	0.74
1976-77	39,143	53,785,749	26,160,037	15,092	22,401,840	0.42	0.63
1977-78	47,156	72,441,650	34,446,565	21,915	36,862,943	0.51	0.59
1978-79	43,032	72,720,436	33,553,882	17,389	29,419,884	0.41	0.54
1979-80	40,154	76,378,011	34,426,225	39,050	103,835,041	1.34	0.71
1980-81	42,850	88,489,170	42,202,922	35,907	135,708,452	1.53	0.87
1981-82	46,259	108,487,827	52,871,324	29,167	92,280,986	0.85	0.86
1982-83	44,469	115,954,971	56,364,777	23,967	74,157,729	0.64	0.83
1983-84	43,000	114,633,673	55,620,789	26,804	105,243,197	0.92	0.84
1984-85	43,443	128,028,555	63,356,964	51,853	259,864,151	2.03	1.00
1985-86	46,894	158,212,616	77,211,976	57,693	377,180,151	2.33	1.20
1986-87	48,952	174,309,078	82,680,545	29,161	119,054,329	0.68	1.13
1987-88	46,492	130,869,228	64,143,405	25,547	87,240,750	0.67	1.09
1988-89	45,721	132,272,053	64,575,110	74,987	465,603,032	3.52	1.30
1989-90	49,267	268,906,236	129,070,230	57,064	449,653,069	1.67	1.36

*Revenue includes premiums from farmers, premium contributions by Government of Canada, interest on bank balances, investments and notes receivable.

Acres Insured

	Durum	Wheat	Spring	Barley	Oats	Flax	Canola	Fall Rye	Sun Flowers	Utility Wheat	Mustard	Field Peas	Forage	Lentils	Canary Seed	Spring Rye	Faba-Beans	Winter Wheat	Soft White Spring Wheat	Sweet Clover	Tritl-Cale	Total	Aver-Age
1961-62		28,600		1,740	3,160																	31,700	160
1962-63		180,000		18,400	27,800																	226,000	169
1963-64		304,600		29,200	38,000																	371,800	166
1964-65		414,700		25,800	23,000																	463,500	197
1965-66		512,200		37,100	21,200																	570,500	180
1966-67		1,182,600		143,000	20,600																	1,346,200	193
1967-68		1,593,000		190,000	23,000																	1,806,000	220
1968-69		2,742,000		214,000	35,000																	2,991,000	242
1969-70		2,145,000		216,000	37,000																	2,398,500	206
1970-71	137,400		579,500	262,500	24,400																	1,003,800	111
1971-72	149,000		1,040,200	250,600	24,800																	1,464,500	186
1972-73	385,088		1,613,505	362,166	40,855	41,267	146,301															2,588,182	218
1973-74	715,544		4,731,716	1,008,656	234,891	153,252	388,380	2,177	1,050													7,235,666	303
1974-75	1,380,053		5,615,440	1,507,827	430,933	218,854	545,896	14,054	190	42,295	68,880											9,804,422	312
1975-76	2,072,676		6,673,045	1,519,288	559,950	227,902	881,834	29,722	829	67,105	33,871											12,086,222	316
1976-77	1,870,193		8,452,752	1,389,155	549,122	90,225	328,818	49,101	570	60,345	17,950	3,287										12,811,518	327
1977-78	1,216,880		10,367,504	2,246,807	746,651	365,647	774,775	47,929	2,291	264,967	73,457	9,919										16,116,827	342
1978-79	2,266,101		8,692,868	1,631,337	476,210	221,894	1,415,738	83,014	2,004	226,913	73,363	9,814	9,243									15,108,499	351
1979-80	1,721,750		8,706,489	1,270,343	361,241	386,897	1,616,044	76,076	4,128	58,068	44,418	12,789	8,223	13,941	24,075	4,858						14,309,340	356
1980-81	2,147,814		9,783,115	1,795,748	480,810	247,139	1,085,158	89,389	10,632	44,046	110,742	17,569	10,764	43,400	50,881	13,493						15,930,700	371
1981-82	2,749,049		11,097,416	2,180,806	546,035	210,676	686,360	138,233	4,791	37,515	75,290	15,942	13,793	44,848	39,962	18,022	152					17,849,890	386
1982-83	2,237,746		11,250,517	2,049,734	461,074	272,290	757,199	147,036	3,601	34,773	49,725	26,530	38,730	63,902	89,761	25,008	370					17,510,996	390
1983-84	2,087,304		11,854,822	1,614,460	326,370	123,665	1,112,926	135,117	1,306	25,787	93,580	21,594	14,825	56,294	47,883	8,072	1,177					17,525,182	408
1984-85	2,561,121		10,931,701	1,823,475	376,268	372,201	1,770,049	105,569	5,895	58,823	164,691	28,907	23,615	76,035	67,907	9,133	2,010					18,377,400	423
1985-86	2,899,744		11,853,170	2,218,712	469,229	430,229	1,803,123	118,634	6,103	167,936	222,031	43,798	99,934	110,489	84,892	23,484	1,017	416,257	9,329			20,991,245	450
1986-87	3,172,596		13,298,153	2,394,632	468,090	501,806	1,665,883	187,634	6,493	156,036	271,288	102,565	202,039	218,964	131,153	29,369	2,599	602,306	11,301	29,649	2,887	23,455,443	479
1987-88	3,710,793		11,674,712	2,497,263	456,691	351,599	1,627,739	164,669	11,334	59,578	117,443	206,548	99,218	333,353	158,996	15,219	4,387	264,277	4,468	46,785	2,079	21,807,171	489
1988-89	3,880,322		10,840,175	2,090,117	628,814	312,559	2,586,023	138,679	10,529	58,419	247,822	235,656	204,744	185,885	183,337	20,727	12,370	130,624	2,262	39,966	1,711	21,810,741	477
1989-90	4,684,235		12,070,775	2,759,566	758,462	533,851	2,295,868	330,134	10,019	58,177	361,354	96,573	916,801	166,849	244,304	18,008	983	51,912	2,043	27,677	1,166	25,388,756	214

Extended Coverage On Unseeded Acres

1975-76	673,676	1978-79	66,645	1981-82	17,553	1984-85	12,634	1987-88	4,808
1976-77	338,826	1979-80	149,288	1982-83	23,335	1985-86	92,306	1988-89	510
1977-78	74,011	1980-81	55,735	1983-84	35,554	1986-87	43,521	1989-90	1,599

1989-90 Irrigation Summary

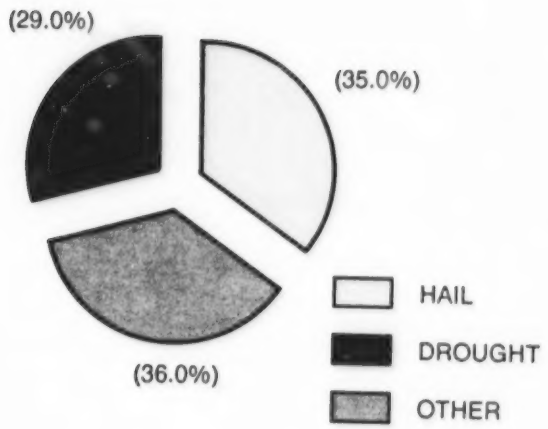
Number of Acres

	Spring Wheat	Durum Wheat	Utility Wheat	Barley	Oats	Flax	Canola	Mustard	Lentils	Canary Seed	Faba-Beans	Field Peas	Fall Rye	Winter Wheat	Soft White Spring Wheat	Prov. Total
1981-82	7,122	2,574		3,741	367	569	545	130	245							15,293
1982-83	10,796	1,178	67	3,765	226	796	912	153	290	630						18,815
1983-84	14,075	1,721		2,522	102	231	2,651	160		7	57					21,526
1984-85	7,457	2,519	1,099	3,325	307	1,348	5,328	724	322	27	21					22,527
1985-86	10,358	1,898	3,947	4,832	730	3,168	6,327	2,102	1,117	105	346	160				44,882
1986-87	10,180	2,206	2,944	7,380	1,113	3,524	6,880	1,041	4,028	379	812	968		563	9,229	51,911
1987-88	12,158	4,839	350	5,339	600	3,147	5,026	145	2,630	913	409	1,906		79	10,377	41,812
1988-89	9,917	5,413	536	6,906	1,703	2,381	9,406	330	708	681	530	1,754		0	4,348	42,787
1989-90	10,061	13,622	693	5,993	1,760	6,218	4,670	1,181	617	805	57	976	14	260	2,262	48,710
														0	2,043	

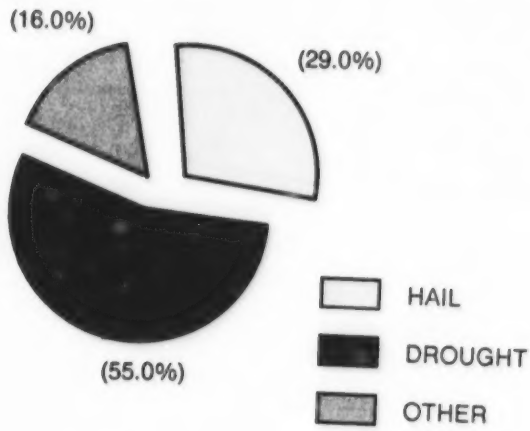
ANALYSIS OF INSURANCE

Causes of Loss

1986 Causes of Loss



1987 Causes of Loss



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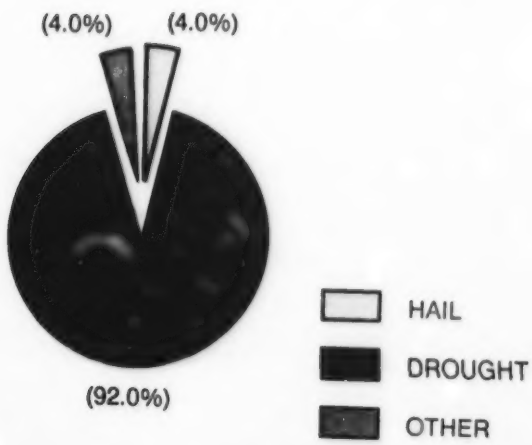

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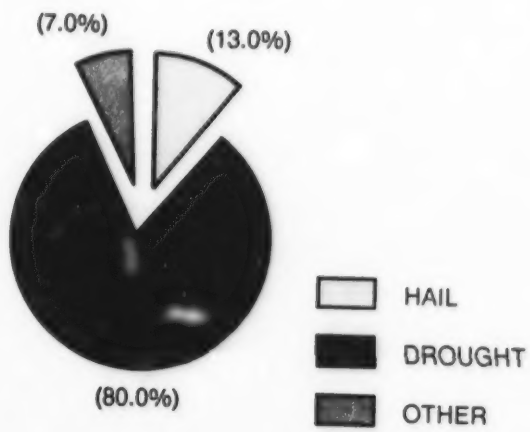

LIVESTOCK FEED INSURANCE PROGRAM

1989 Provincial Statistics

	Number Of Contracts	Number Of Acres	Number Of Animal Units	Liability	Indemnity	Full Premium
Forage	15,930	900,759	772,647	107,596,410	64,748,756	22,238,220
Establishment Benefit	174	16,042	N/A	218,950	109,274	43,790

*Not Available

APPENDIX A

Grain, Oilseed and Special Crop Risk Areas

APPENDIX B

Forage Risk Areas

APPENDIX C

Customer Service Office Districts